

INDIAN HEALTH SERVICE

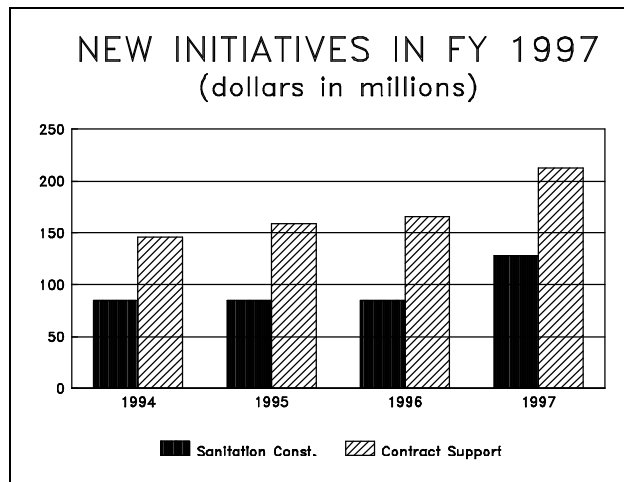
(Dollars in millions)

	1995 <u>Actual</u>	1996 <u>Policy*</u>	1997 <u>Request</u>	Request <u>+/-Policy</u>
Program Level	\$2,156	\$2,214	\$2,400	+\$186
Budget Authority	1,960	2,000	2,174	+174
Outlays	2,008	1,928	2,041	+113
FTE ...	14,856	14,856	14,856	0

* Based on levels of the ninth CR, including an incremental policy adjustment.

Summary

The FY 1997 budget request for the Indian Health Service (IHS) is \$2.4 billion. Additional funds will be used primarily for sanitation construction, to make it easier for tribes to take over the operation of their local health programs, to provide additional staff in six new/expanded health facilities, and to increase services for populations with special needs (e.g., women, children, urban Indians, the elderly). The request assumes collection of \$222 million in insurance payments (e.g., Medicaid, Medicare, employer provided) for Indian patients, consistent with FY 1996 levels (total FY 1997 reimbursements of \$226 million include \$4.5 million from rental of quarters).

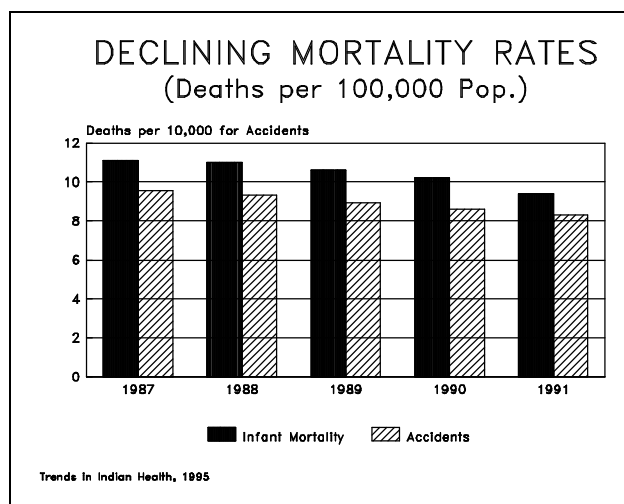


Agency Description

IHS provides medical care to about 1.4 million American Indians and Alaska Natives (AI/AN) who are members of Federally recognized tribes. Care is provided directly through a network of 49 hospitals and 484 health centers and stations located primarily in Oklahoma, the Northern Plains, California, Alaska, and the Southwest. Local tribes operate 11 of the hospitals and 372 of the centers and stations under contract with IHS. Medical care is also purchased (\$369 million in FY 1997) for Indian patients from local hospitals and medical providers. While care is primarily provided in areas which are on or near reservations, funds are also provided to urban health grantees (\$27 million in FY 1997) in 41 cities with large

AI/AN populations. In addition to providing medical care, IHS provides preventive and environmental health services, mental health care, and alcohol/substance abuse prevention and treatment. IHS also provides funds to increase the supply of AI/AN health care providers and as incentives for health care professionals to practice in Indian country.

The health statistics for Indian people have improved dramatically, both in absolute terms and in comparison with all Americans, since IHS began keeping records in the early 1970s. Two areas which have seen significant improvement in recent years are infant mortality and deaths from accidents. Infant mortality has declined by 15.3 percent while the death rate for accidents has declined by 12.8 percent.



IHS Restructuring

The final report of the Indian Health Design Team (IHDT) was published in November of 1995, the product of more than a year's worth of development, including extensive feedback from IHS' customers (i.e., tribes, tribal organizations, and individuals throughout Indian country) and employees. The IHDT recommends shifting control to the local level where IHS staff or tribal self-determination contractors provide health care. Headquarters and regional operations will be consolidated to provide additional dollars and staff for health care operations. Implementation has begun with the restructuring of IHS' headquarters, reducing ten existing offices to three (Office of the Director, Office of Health Support, Office of Administrative Support). The second phase of implementation will consolidate operations at IHS' twelve regional or area offices, each one of which now oversees all IHS operations in a geographic area. Administrative support functions (e.g., finance, procurement, personnel) will be consolidated in Regional Support Centers. Health Professions support (e.g., maternal and child health, injury prevention, consultations with local health care providers) will also be consolidated into a smaller number of specialty sites. The IHDT recommendations will also reduce headquarters and area office budgets and free up FTE for local health care provision.

Changes From FY 1996

The FY 1997 budget requests an increase in budget authority of \$174 million (+8.7 percent) primarily for Clinical Services (+\$80 million), Self-Determination Contracting (+\$46 million), and Sanitation Construction (+\$43 million). The request also assumes an increase of \$12 million in insurance collections (+5.3 percent). Insurance collections are used to make improvements to hospitals and health clinics identified by accreditors from the Health Care Financing Administration and the Joint Commission on Accreditation of Health Care Organizations.

The additional \$174 million will fund a number of new initiatives in FY 1997:

- Self-Determination Funds (\$212 million; +\$46 million): The request provides an increase of 28 percent to cover contract support costs, which are the management expenses tribes incur when they take over the operation of local health programs from IHS. The Indian Self-Determination Act gives tribes the right to take over these operations but their ability to do this is hindered unless sufficient funding is available for contract support costs. Tribally operated programs have increased steadily since the Act's passage and accounted for about 37 percent of IHS' budget in FY 1995.
- Sanitation Construction (\$128 million; +\$43 million): IHS has been providing water and waste disposal services to Indian homes since 1960, helping to increase the number of homes with such service from about 20 percent to over nearly 90 percent. Of the \$128 million, \$86 million will be used to provide services to 17,400 existing homes (up from 8,800 in FY 1996), and \$42 million will be used to provide services for new homes as they are built (the same as in FY 1996).
- Health Initiative for Special Populations (+\$16 million): IHS will begin four special initiatives focused primarily on the needs of women, children, elders, and urban Indians. Funds will be used for outreach services aimed at preventing domestic violence (women and children), other preventive services for women (diabetes, cancer, alcohol and substance abuse), to provide training and access to off-reservation services to better serve the growing elderly population, to provide additional services to urban Indians, and to expand community efforts to reduce injuries (e.g., DWI, seat belts/child restraints, sports injuries, violence, pedestrian/motor vehicle collisions).
- Operation of New Facilities (+\$27 million): The request includes funds necessary to provide an additional 382 staff for six facilities opening in FY 1996 and FY 1997. These facilities are Harlem (MT), White Earth (MN), Kotzebue (AK), Shiprock (NM), Anchorage (AK), and Hayes (MT). IHS is not proposing to increase its total staff level between FY 1995 and FY 1997. To the extent these new staff are Federal employees, they will be offset by staff reductions primarily in headquarters and area offices.
- Other Initiatives (+\$7 million): The request also includes \$3.5 million to purchase medical services for five newly recognized tribes (Mohegan Indian Tribe of Connecticut; Jena Band of Choctaw of Louisiana; and three tribes from Michigan: Little Traverse Band of Odawa, Little River Band of Ottawa, Pokagon Band of Potawatomi), \$2 million for health professions scholarships, and \$1.5 million for system upgrades and improved electronic communication.

IHS is also requesting \$44 million for pay costs and inflation, and for the costs associated with turning area and headquarters operations over to contracting tribes (e.g., change of duty station, severance pay). Dollars requested for new health facility construction will be reduced (-\$9 million) with the full funding of all ongoing facilities construction occurring in FY 1996 (Hayes, MT and White Earth, MN). IHS will complete design of three facilities in FY 1997--Pinon, Ft. Defiance, and Hopi (Second Mesa)--all located in Arizona.

IHS OVERVIEW

(Dollars in millions)

	<u>1995 Actual</u>	<u>1996 Policy*</u>	<u>1997 Request</u>	<u>Request +/-Policy</u>
<u>Services:</u>				
Clinical Services	\$1,370	\$1,418	\$1,498	+\$80
Preventive Health.....	77	78	82	+4
Direct Operations	50	49	51	+2
Self-Determination				
Contracting	159	166	212	+46
Other	<u>51</u>	<u>50</u>	<u>56</u>	<u>+6</u>
Subtotal, Services .	\$1,707	\$1,761	\$1,899	+\$138
<u>Facilities:</u>				
Sanitation Construction.....	\$85	\$85	\$128	+\$43
Facility Construction.....	28	12	3	-9
Fac/Envir Health Support ..	88	90	92	+2
Other	<u>52</u>	<u>52</u>	<u>52</u>	<u>0</u>
Subtotal, Facilities	\$253	\$239	\$275	+\$36
Total, BA	\$1,960	\$2,000	\$2,174	+\$174
Reimbursements.....	<u>196</u>	<u>214</u>	<u>226</u>	<u>+12</u>
Total, Program Level ...	\$2,156	\$2,214	\$2,400	+\$186
FTE ...	14,856	14,856	14,856	0

* Based on levels of the ninth CR, including an incremental policy adjustment.